

G. DUKES SCOTT
EXECUTIVE DIRECTOR

1101 Main Street, Suite 900
Columbia, SC 29201



DAN E. ARNETT
CHIEF OF STAFF

Phone: (803) 737-0800
Fax: (803) 737-0801

fbelser@regstaff.sc.gov

*Florence P. Belser
General Counsel*

October 21, 2013

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: Application of United Utility Companies, Incorporated for Adjustment of Rates and Charges
Docket No. 2013-199-WS

Dear Ms. Boyd:

Enclosed you will please find the Settlement Agreement in reference to the above docketed matter.

Please contact me at your convenience should you have any questions regarding the attached Settlement Agreement.

Sincerely,

Florence P. Belser

FPB/fes

Encl.

BEFORE

SOUTH CAROLINA

October 18, 2013

IN RE: Application of United Utility)
Companies, Inc. For Adjustment of) **SETTLEMENT AGREEMENT**
Rates and Charges and Modifications of)
Certain Terms and Conditions for the)
Provision of Water and Sewer Service)

This Settlement Agreement is made by and between United Utility Companies, Inc. (“United” or the “Company”) and the South Carolina Office of Regulatory Staff (“ORS”), whom may collectively be referred to as the “Parties” or sometimes individually as a “Party”.

WHEREAS, on June 28, 2013, United filed an Application for the Adjustment of Rates and Charges (the “Application”) requesting that the Commission approve the revised rates, charges, conditions, and terms of service in certain areas of Anderson, Cherokee, Greenville, Greenwood and Union counties;

WHEREAS, the above-captioned proceeding has been established by the Public Service Commission of South Carolina (the “Commission”) pursuant to the procedure established in S.C. Code Ann. § 58-5-240 (Supp. 2012) and 10 S.C. Code Ann. Regs. 103-512.4.B and 103-712.4.B;

WHEREAS, the Company provides sewer service to approximately 1,500 sewer customers in Anderson, Cherokee, Greenville, Greenwood and Union Counties and approximately 100 customers on three water systems in Greenville County, South Carolina;

WHEREAS, ORS has examined the books and records of the Company relative to the issues raised in the Application and has conducted financial, business, and site inspections of United and its wastewater collection and treatment facilities; and

WHEREAS, the Parties have engaged in discussions to determine whether a settlement in this proceeding would be in the best interests of the Company and in the public interest;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms, which, if adopted by the Commission in its Order addressing the merits of this proceeding, will result in rates and charges for sewer and water service which are adequate, just, reasonable, nondiscriminatory, and supported by the evidence of record of this proceeding, and which will allow the Company the opportunity to earn a reasonable operating margin.

1. The Parties stipulate and agree to the rate schedule attached hereto and incorporated herein by reference as Settlement Agreement Exhibit 1. As reflected therein, the Parties have agreed to a flat rate of \$69.96 per month for residential sewer service, a flat rate of \$51.39 per month for mobile home sewer service, a minimum flat rate of \$69.96 per month for each single-family equivalent ("SFE") for commercial service, and a flat rate of \$36.24 per month for sewer collection only service for both residential and commercial customers. The Parties further agree that there shall be an increase in rates for water service and that the Company will charge its water customers a base facility charge of \$21.00 per month and a commodity charge of \$10.77 per 1,000 gallons.

2. The Parties agree that the above stated rates are fair, just, and reasonable to customers of the Company's system while also providing the opportunity to earn a fair operating margin at an agreed upon 9.35% Return on Equity Rate which produces additional revenue of \$298,866.00. The Parties stipulate that the resultant operating margin is 11.21%.

3. The Parties agree that ORS shall have access to all books and records of this system and shall perform an examination of these books as necessary.

4. United agrees to continue to maintain its books and records in accordance with the National Association of Regulatory Utility Commissioners Uniform System of Accounts as required by the Commission's rules and regulations.

5. The Company agrees to file all necessary documents, bonds, reports and other instruments as required by applicable South Carolina statutes and regulations for the operation of a water and sewer system.

6. The Company agrees that this system is a "public utility" subject to the jurisdiction of the Commission as provided in S.C. Code Ann. § 58-5-10(4) (Supp. 2012). The Company agrees to maintain its current Irrevocable Letters of Credit in amount of Three Hundred Fifty Thousand (\$350,000.00) Dollars in satisfaction of the requirements set forth in S.C. Code Ann. § 58-5-720 (Supp. 2012) for sewer service and One Hundred Thousand (\$100,000) Dollars for water service.

7. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable and full resolution of the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission Order issued approving this Settlement Agreement and the terms and conditions contained herein.

8. The Parties agree to stipulate into the record the pre-filed direct testimonies and exhibits of Steven Lubertoizzi, Karen Sasic, Patrick Flynn, Dylan D'Ascendis, and Pauline Ahern on behalf of United, as well as the pre-filed revised direct testimony and Audit Exhibits HNW-1 through HNW-8 of ORS witness Henry N. Webster, II, the pre-filed revised direct testimony and

Exhibits DMH-1 through DMH-6 of ORS witness Dawn M. Hipp, and the direct testimony and Exhibits DHC-1 through DHC-14 of ORS witness Douglas H. Carlisle in support of this Settlement Agreement.

9. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10(B) (Supp. 2012). S.C. Code § 58-4-10(B)(1) through (3) reads in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the agreement reached between the Parties serves the public interest as defined above. The terms of this Settlement Agreement balance the concerns of the using public while preserving the financial integrity of the Company. ORS also believes the Settlement Agreement promotes economic development within the State of South Carolina. The Parties stipulate and agree to these findings.

10. The Parties agree that by signing this Settlement Agreement, it will not constrain, inhibit or impair in any way their arguments or positions they may choose to make in future Commission proceedings. If the Commission should decline to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty.

11. This Settlement Agreement shall be interpreted according to South Carolina law.

12. Each Party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of this Settlement Agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

13. The Parties represent that the terms of this Settlement Agreement are based upon full and accurate information known as of the date this Settlement Agreement is executed. If, after execution, either Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Settlement Agreement is based, either Party may withdraw from the Settlement Agreement with written notice to the other Party.

[PARTY SIGNATURES TO FOLLOW ON SEPARATE PAGES]

Representing the South Carolina Office of Regulatory Staff



Jeffrey M. Nelson, Esquire

Florence P. Belser, Esquire

South Carolina Office of Regulatory Staff

1401 Main Street, Suite 900

Columbia, South Carolina 29201

Tel.: (803) 737-0823

(803) 737-0853

Fax: (803) 737-0895

E-mail: jnelson@regstaff.sc.gov

fbelser@regstaff.sc.gov

Representing United Utilities Companies, Inc.

A handwritten signature in blue ink, appearing to read 'Scott Elliott', is written over a horizontal line.

Scott Elliott, Esquire
Elliott & Elliott, P.A.
1508 Lady Street
Columbia, SC 29201
Tel: (803) 771-0555
Fax: (803) 771-8010
selliott@elliottlaw.us

Charles L. A. Terreni, Esquire
Terreni Law Firm, LLC
1508 Lady Street
Columbia, South Carolina 29201
Tel.: (803) 771-7228
Fax: (803) 771-8778
E-mail: charles.terreni@terrenilaw.com

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SETTLEMENT AGREEMENT
EXHIBIT-1

SCHEDULE OF PROPOSED RATES AND CHARGES

WATER

1. Monthly Charges

Residential

Monthly charge per single-family house,
Condominium, mobile home, or apartment unit:

	<u>Current</u>	<u>UUCI Proposed</u>	<u>Proposed @ 9.35% ROE</u>
Base Facilities Charge	\$15.18 per unit	\$21.00 per unit	\$21.00 per unit
Commodity Charge	\$7.79 per 1,000 gallons or 134 cft.	\$10.77 per 1,000 gallons or 134 cft.	\$10.77 per 1,000 gallons or 134 cft.

Commercial

Base Facilities Charge	\$15.18 per unit	\$21.00 per unit	\$21.00 per unit
Commodity Charge	\$7.79 per 1,000 gallons or 134 cft.	\$10.77 per 1,000 gallons or 134 cft.	\$10.77 per 1,000 gallons or 134 cft.

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

When it is impractical to meter each unit separately because of the method of water line installation utilized by the developer or owner, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

For the convenience of the owner, the Utility will bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

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2. Non-Recurring Charges

A) Water service connection charge per single family equivalent	\$100.00
B) Plant impact fee per single family equivalent	\$400.00
C) Water meter – 5/8 inches x ¾ meter	\$100.00

All 5/8 inch x ¾ inch water meters shall meet the Utility's standards and shall be installed by the Utility. A one-time meter fee of \$100 shall be due upon installation for those locations where no 5/8 inch x ¾ inch meter has been provided by a developer to the Utility.

For the installation of all other meters, the customer shall be billed for the Utility's **actual cost** of installation. All such meters shall meet the Utility's standards and be installed by the Utility unless the Utility directs otherwise.

The non-recurring charges listed above are minimum charges and apply even if the equivalency rating of the non-residential customer is less than one (1). If the equivalency rating of a non-residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the water system is requested.

3. Account Set-Up and Disconnection Charges

	<u>Current</u>	<u>Proposed</u>
a. Customer Account Charge – for new customers only	\$25.00	\$30.00
b. Disconnection Charges: In addition to any other charges that may be due, in those cases where a customer's service has been disconnected for any reason as set forth in Commission Rule R.103-732.5, and the customer has been found to have vacated his premises or the customer has shown his intent to vacate his premises and the imposition of a reconnection charge is not feasible, a disconnection fee shall be due in the amount of forty dollars (\$40.00) and shall be due prior to the Utility reconnecting service.		
c. Tampering Charge: In the event the Utility's equipment, water mains, water lines, meters, curb stops, service lines, valves or other facilities have been damaged or tampered with by a customer, the Utility may charge a \$250 tampering fee to the customer responsible for the damage to the Utility's equipment. The tampering fee shall be paid in full prior to the Utility re-establishing water service or continuing the provision of water service.		

4. Billing Cycle

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Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5. Late Payment Charges

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half percent (1 ½%) for each month, or any part of month, that said payment is late.

6. Cross-Connection Inspection

Any customer installing, permitting to be installed, or maintain any cross connection between the Utility's water system and any other non-public water system, sewer or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R61-58.7.F, as may be amended from time to time. Such a customer shall annually have such cross connection inspected by a licensed certified tester and provide to Utility a copy of a written inspection report and testing results submitted by the certified tester in accordance with 24A S.C. Code Ann. Regs. R61-58.7.F, as may be amended from time to time. Said report and results must be provided by the customer to the Utility within 30 days of inspection. If a customer fails to comply with the requirement to perform annual inspections, the Utility may disconnect water service after 30 days' written notice. The Utility shall provide affected customers with an advanced annual notification of such certification requirement.

7. Electronic Billing and Electronic Payment

If requested by the customer in writing and within the capabilities of the utility, the Utility may provide an electronic bill to the customer on the Utility's website, in lieu of mailing a paper copy. The electronic bill shall contain the same content and be presented in the same or a similar format as a bill delivered to the customer pursuant to Commission Rule R. 103-732.2 as may be amended from time to time. Late payment charges will not be triggered until twenty-five (25) days after the Utility issues the electronic bill and it leaves the control of the Utility or its billing agent. The Utility must provide notice to the customer that the bill form is available for review within twenty four hours of its issuance and the web address of its location.

8. Construction Standards

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed.

9. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has for any

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reason restricted the Utility from adding additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

*A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities 25 S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

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SCHEDULE OF PROPOSED RATES AND CHARGES

SEWER

1. Monthly Charges

	<u>Current</u>	<u>UUCI Proposed</u>	<u>Proposed @ 9.35% ROE</u>
<u>Residential</u>			
Monthly charge per single-family house, Condominium, condominium, villa or apartment unit:	\$53.50 per unit	\$83.39 per unit	\$69.96 per unit
Mobile Homes – monthly charge	\$39.46 per unit	\$61.51 per unit	\$51.39 per unit
<u>Commercial</u>			
Monthly charge per single family equivalent*	\$53.50	\$83.39	\$69.96

Charge for Sewage Collection Service Only

When sewage is collected by the Utility and transferred to a government body or agency, or other entity for treatment, the Utility's rates are as follows:

Residential

Monthly charge per single-family house, Condominium, condominium, villa or apartment unit:	\$27.35 per unit	\$42.63 per unit	\$36.24 per unit
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Commercial

Monthly charge per single family equivalent*	\$27.35 per unit	\$42.63 per unit	\$36.24 per unit
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The Utility will also charge for treatment services provided by the government body or agency or other entity. The rates imposed or charged by the government body or agency or other entity providing treatment will be charged to the Utility's affected customers on a pro rata basis, without markup. Where the Utility is required under the terms of the 201/208 Plan to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rata basis, without markup.

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before

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interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

Solids Interceptor Tanks

For all customers receiving sewage collection service through an approved solids interceptor tank, the following additional charges shall apply:

A. Pumping Charge

At such time as the Utility determines through its inspection that excessive solids have accumulated at the interceptor tank, the Utility will arrange for pumping the tank, and the **actual cost** to the Utility for pumping the tank will be billed to the customer; the minimum pumping charge will be \$150.00. The cost of the Utility's pumping charge will be included as a separate item in the next regular billing to the customer.

B. Pump Repair or Replacement Charge

If a separate pump is required to transport the customer's sewage from solids interceptor tank to the Utility's sewage collection system, the Utility will arrange to have this pump repaired or replaced as required and will include the cost of such repair or replacement as a separate item in the next regular billing to the customer and may be paid for over a one-year period.

C. Visual Inspection Port

In order for a customer who uses a solids interceptor tank to receive sewage service from the Utility or to continue to receive such service, the customer shall install at the customer's expense a visual inspection port which will allow for observation of the contents of the solids interceptor tank and extraction of test samples therefrom. Failure to provide such visual inspection port after timely notice of not less than thirty (30) days shall be just cause for interruption of service until a visual inspection port has been installed.

2. Non-recurring Charges

A) Sewer service connection charge per single family equivalent*	\$100.00
B) Plant impact fee per single family equivalent*	\$400.00

The non-recurring charges listed above are minimum charges and apply even if the equivalency rating of a non-residential customer is less than one (1). If the equivalency rating of a non-residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

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3. Notification, Account Set-Up and Disconnection Charges

- a. Notification fee: A fee of fifteen dollars (\$15.00) shall be charged to each customer per notice to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.
- b. Customer Account Charge: A fee of thirty dollars (\$30.00) shall be charged as a one- time fee to defray the costs of initiating service. This charge will be waived if the customer is also a water customer.
- c. Disconnection Charges: In addition to any other charges that may be due, in those cases where a customer's service has been disconnected for any reason as set forth in Commission Rule R. 103-532.4, the customer is found to have vacated his premises or the customer has shown his intent to vacate his premises and the imposition of a reconnection charge is not feasible, a disconnection fee in the amount of \$500.00 shall be due at the time the customer disconnects service. Where an elder valve has been previously installed, a disconnection fee of forty dollars (\$40.00) shall be charged.
- d. Tampering Charge: In the event the Utility's equipment, sewage pipes, meters, curb stops, service lines, elder valves or other facilities have been damaged, tampered with or molested by a customer, the Utility may charge a customer in any responsible for the damage a fee of \$250 to repair the equipment.

4. Billing Cycle

Recurring charges will be billed monthly in arrears. Non-recurring charges will be billed and collected in advance of service being provided.

5. Late Payment Charges

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half percent (1½%) for each month, or any part of a month, that said payment is late.

6. Electronic Billing and Electronic Payment

If requested by the customer in writing and within the capabilities of the utility, the Utility may provide an electronic bill to the customer on the Utility's website, in lieu of mailing a paper copy. The electronic bill shall contain the same content and be presented in the same or a similar format as a bill delivered to the customer pursuant to Commission Rule R. 103-732.1 as may be amended from time to time. Late payment charges will not be triggered until twenty-five (25) days after the Utility issues the electronic bill and it leaves the control of the Utility or its billing agent. The Utility must provide notice to the customer that the bill form is available for review within twenty four hours of its issuance and the web address of its location.

7. Toxic and Pretreatment Effluent Guidelines

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The utility will not accept or treat any substance or material that has not been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Health and Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403-.5 and 403.6 are to be processed according to pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

8. Construction Standards

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed.

9. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its sewer system. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless sewer capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has for any reason restricted the Utility from adding additional customers to the serving sewer system. In no event will the Utility be required to construct additional sewer treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity to the affected sewer system.

*A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities 25 S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2013-199-WS

IN RE: Application of United Utility Companies,)
 Incorporated for Adjustment of Rates and)
 Charges) **CERTIFICATE OF SERVICE**

This is to certify that I, Faith E. Shehane, have this date served one (1) copy of the **SETTLEMENT AGREEMENT** in the above-referenced matter to the person(s) named below by causing said copy to be electronically mailed as shown below:

United Utility Companies, Incorporated

Charles L.A. Terreni, Esquire
and

Scott Elliott, Esquire

charles.terreni@terrenilaw.com

selliott@elliottlaw.us

North Greenville University

Duke K. McCall, Jr., Esquire

Zandra L. Johnson, Esquire

duke.McCall@smithmoorelaw.com

Zandra.Johnson@smithmoorelaw.com


Faith E. Shehane

October 21, 2013
Columbia, South Carolina